

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 79TH LEGISLATIVE REGULAR SESSION

April 20, 2005

TO: Honorable Suzanna Gratia Hupp, Chair, House Committee on Human Services

FROM: John S. O'Brien, Deputy Director, Legislative Budget Board

IN RE: HB1061 by Naishtat (Relating to penalties and sanctions imposed on recipients of financial assistance.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB1061, As Introduced: a negative impact of (\$82,432,043) through the biennium ending August 31, 2007.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2006	(\$40,458,264)
2007	(\$41,973,779)
2008	(\$42,364,973)
2009	(\$42,756,062)
2010	(\$43,155,442)

All Funds, Five-Year Impact:

Fiscal Year	Probable (Cost) from <i>GENERAL REVENUE</i> <i>FUND</i> 1	Probable (Cost) from <i>GR MATCH FOR</i> <i>MEDICAID</i> 758	Probable (Cost) from <i>FEDERAL FUNDS</i> 555
2006	(\$28,172,832)	(\$12,285,432)	(\$31,809,966)
2007	(\$29,019,981)	(\$12,953,798)	(\$32,551,180)
2008	(\$29,349,639)	(\$13,015,334)	(\$32,628,663)
2009	(\$29,684,220)	(\$13,071,842)	(\$32,715,033)
2010	(\$30,025,564)	(\$13,129,878)	(\$32,803,738)

Fiscal Analysis

The bill would eliminate full family sanctions for Temporary Assistance for Needy Families (TANF) recipients failing to comply with the requirements of the personal responsibility agreement; the bill does allow for appropriate penalties or sanctions for the person failing to comply with the requirements of the personal responsibility agreement. The bill also disallows denial of medical assistance to a person who is the subject of a penalty or sanction under the TANF program.

The requirement that the payee of TANF assistance sign a bill of responsibilities is repealed. The additional penalty provisions for continuous failure to cooperate with the personal responsibility agreement are also repealed.

The bill makes unenforceable the requirements of a responsibility agreement signed before the repeal of the signing requirement.

Methodology

The Health and Human Services Commission (HHSC) estimates an increase in average monthly TANF cash assistance recipients (adults and children) of 26,383 in fiscal year 2006 rising to 28,190 in fiscal year 2010. Average grant per recipient is estimated to be \$62.25 in fiscal year 2006 and \$64.03 in subsequent years. Total cost of additional TANF grants is \$19.7 million in fiscal year 2006 rising to \$21.7 million in fiscal year 2010.

It is assumed that the additional recipients represent an additional 6,533 adult recipients in fiscal year 2006 rising to 6,980 in fiscal year 2010. It is assumed that these adults would still receive a sanction or penalty for noncompliance with the personal responsibility agreement, but not full family sanction. The amount of this penalty is assumed to be \$76 and is assumed to be assessed for an average of two months per adult. This results in a reduction in costs of \$1.0 million in each fiscal year.

The net cost of additional TANF cash assistance recipients is \$18.7 million in fiscal year 2006 rising to \$20.6 million in fiscal year 2010. It is assumed that TANF Federal Funds will not be available and that General Revenue Funds will be used instead.

The Workforce Commission assumes that additional costs will be incurred to serve the additional TANF clients in Choices. The assumed cost to serve these clients is \$9.4 million per year. It is assumed that TANF Federal Funds will not be available and that General Revenue Funds will be used instead.

The Workforce Commission assumes that the additional TANF clients will need some additional child care. Not all clients are assumed to need child care, but those that will need child care are assumed to participate at 261 days per year for \$17.61 per day. The total additional child care needed is assumed to be \$12.8 million in 2006 and \$12.7 million in 2007 through 2010. The child care is assumed to be funded through Federal Funds.

HHSC estimates an additional increase in average monthly caseload in the TANF Adults Medicaid recipient group of 8,449 in fiscal year 2006 rising to 8,597 in fiscal year 2010. It is assumed that the average cost per recipient month would be \$308.17 in fiscal year 2006 and \$321.80 in subsequent years. The total estimated cost of additional Medicaid recipient months is estimated to be \$31.2 million, including \$12.3 million in General Revenue Match for Medicaid, in fiscal year 2006, rising to \$33.2 million, including \$13.1 million in General Revenue Match for Medicaid, in fiscal year 2010.

Technology

An additional cost of \$0.2 million, including \$0.1 million in General Revenue, is estimated for information technology costs in fiscal year 2006.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 529 Health and Human Services Commission, 320 Texas Workforce Commission

LBB Staff: JOB, CL, KF, LR